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Towards a Supranational Identity? The Implications of a Single European Currency

This time, Western Europeans have not lacked boldness or acted too late. The memory of their misfortunes seems to have inspired them and given them the courage necessary to forget old enmities and sweep aside time-worn traditions of yesteryear, thus enabling them to think and act in a truly new way and to carry through the greatest planned transformation in the history of Europe.

—Paul-Henri Spaak

Former Prime Minister of Belgium

Over forty years ago, Paul-Henri Spaak, widely considered to have been one of the original architects of “Europe,” used these words to applaud the signing of the 1957 Treaty of Rome¹ that established the European Economic Community (EEC).² Today, as Europe enters the reality of a single currency, the euro, Spaak’s words seem strangely appropriate, if not prophetic. Indeed, the commencement of the third and final stage of the Economic and Monetary Union (EMU) process³ arguably completes the “greatest planned transformation in the history of Europe.”

With the commencement of stage three on January 1, 1999, the euro became the official monetary unit of eleven Member States of the European Union (EU).⁴ The euro is governed by a single monetary pol-

1. Treaty Establishing the European Economic Community, Mar. 5, 1957, 298 U.N.T.S. 11 [hereinafter EEC Treaty]. The EEC Treaty is commonly referred to as the “Treaty of Rome.”

2. The European Economic Community, or EEC, is one of three Communities that were formed during the 1950s. The objectives of the EEC are set forth in Article 2 of the EEC Treaty: “It shall be the aim of the Community, by establishing a Common Market and progressively approximating the economic policies of Member States, to promote throughout the Community a harmonious development of economic activities, a continuous and balanced expansion, an increased stability, an accelerated raising of the standard of living and closer relations between its Member States.” *Id.* at Art. 2.

3. The Treaty on European Union, commonly referred to as the Maastricht Treaty, established a framework and timetable for attaining full Economic and Monetary Union (EMU). Treaty on European Union, Feb. 7, 1992, 31 I.L.M. 247, [hereinafter Maastricht Treaty]. For a detailed discussion of the three stages of the EMU process, see *infra* Part II.

4. The EU came into being after the implementation of the Maastricht Treaty on November 1, 1993. The fifteen Member States of the EU are: Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom. With the exception of Denmark, Greece, Sweden, and the United Kingdom, the

icy set forth and implemented by the newly established European Central Bank (ECB). Although actual euro notes and coins will not be introduced until January 1, 2002, the currencies of the eleven Member States are no longer independent, but only denominations of the euro at a conversion rate which became irrevocably fixed at the start of stage three.

Although the advent of the euro has been widely discussed, only limited attention has been devoted to the social and psychological implications of a single European currency. The following comment will explore the euro's potential for reshaping national identity and facilitating the emergence of a European, or supranational, identity among nationals of Member States of the EU.⁵ In doing so, the legal and practical effects of stage three of the EMU process will be considered.

This comment is divided into seven parts. Part I examines the importance of a European identity in the context of European integration,⁶ and highlights the euro's potential for shaping such an identity. Part II discusses the origins of European integration, particularly those of economic integration, in order to shed light on the historical and political significance of the euro. Part III outlines the legal and practical effects of stage three of the EMU process, thereby illustrating the scope of these changes. Part IV discusses the EU's strategies for disseminating information about the euro changeover. This discussion lays the foundation for Part V, which analyzes the political rhetoric and symbolism embedded in the EU's information campaign. An analysis of this rhetoric and symbolism sheds light on the potential social and psychological implications of the euro. Part VI examines currency attitudes and opinions concerning the single currency among EU citizens in general, as well as among nationals of the Member States. This survey provides a helpful gauge of the current perceptions with regard to EMU and

eleven remaining Member States entered stage three of the EMU process. Greece and Sweden were unable to meet the convergence criteria outlined by the Maastricht Treaty, while Denmark and the United Kingdom exercised their right of opting out of participation in stage three. For a discussion of the so-called convergence criteria, see *infra* note 45 and Part II.

5. This study is considerably limited for several reasons. First, there is a shortage of reliable empirical data on the social and psychological effects of the euro. This shortage is partially due to the fact that actual euro notes and coins have yet to be introduced. However, it is not certain whether future studies will be able to accurately quantify these effects. Second, this study partly relies on statements of national leaders and government officials, and information distributed by the EU, which may be biased depending on the particular agenda being advanced. Nonetheless, these sources are informing the mindset of many Europeans and, therefore, help shed light on the possible social and psychological effects of the euro. For these reasons, this comment is limited to exploring the euro's *potential* for reshaping national identity and fostering a European identity among citizens of the EU.

6. It should be noted that a supranational identity has relevance not only for Europe, but for other regions of the world that are attempting to integrate.

the introduction of the euro. Finally, Part VII discusses various factors that may mitigate the social and psychological impact of the changeover to a single currency.

I. THE IMPORTANCE OF IDENTITY

The architects of "Europe" have long recognized the importance, as well as the deficiency, of a European identity. Since the 1970s, the European Council⁷ has identified the need for strengthening a European identity and enhancing a sense of belonging to Europe among nationals of the Member States.⁸ During the mid-1980s, this identity and this sense of belonging were promoted through "consciousness-raising" campaigns that included newly created "Euro-symbols," such as the European passport,⁹ the European anthem and the European flag.¹⁰

More recently, the Maastricht Treaty reaffirmed the importance of fostering a European identity. Of the goals outlined in the Treaty,¹¹ the aim of "creating an ever closer union among the peoples of Europe" is perhaps the most fundamental of these objectives.¹² From a legal stand-

7. The European Council now consists of the heads of government of the Member States of the EU. The European Council meets semi-annually to frame EU policy and direct intergovernmental cooperation. The European Council is distinct from the Council of Ministers, commonly referred to as the Council, which is composed of the ministers from the various policy areas from each of the Member State governments. The function of the Council is to adopt legislation initially proposed by the European Commission, the body that is responsible for proposing and implementing the laws governing the EU.

8. See Cris Shore and Annabel Black, *Citizens' Europe and the Construction of European Identity*, in *THE ANTHROPOLOGY OF EUROPE*, 275, 285 (Victoria A. Goddard et al. eds., 1994).

9. It should be noted that European passports are issued by the Member States and indicate that the holder is both a national of the Member State and a citizen of the EU.

10. See Shore and Black, *supra* note 8, at 286.

11. The Preamble of the Maastricht Treaty resolved to accomplish the following objectives: "[T]o deepen the solidarity between their peoples while respecting their history, their culture and their traditions; to enhance further the democratic and efficient functioning of the institutions so as to enable them better to carry out, within a single institutional framework, the tasks entrusted to them; to achieve the strengthening and the convergence of their economies and to establish an economic and monetary union including, in accordance with the provisions of this Treaty, a single and stable currency; to promote economic and social progress for their peoples, taking into account the principle of sustainable development and within the context of the accomplishment of the internal market and of reinforced cohesion and environmental protection, and to implement policies ensuring that advances in economic integration are accompanied by parallel progress in other fields; to establish a citizenship common to nationals of their countries; to implement a common foreign and security policy including the eventual framing of a common defense policy, which might in time lead to a common defense policy, *thereby reinforcing the European identity* and its independence in order to promote peace, security and progress in Europe and in the world; their objective to facilitate the free movement of persons, while ensuring the safety and security of their peoples, by including provisions on justice and home affairs in this Treaty; *to continue the process of creating an ever closer union among the peoples of Europe*, in which decisions are taken as closely as possible to the citizen in accordance with the principle of subsidiarity." Maastricht Treaty, *supra* note 3, at 253 (emphasis added).

12. See Shore and Black, *supra* note 8, at 275.

point, much has been accomplished to fulfill this objective. When the Maastricht Treaty entered into force on November 1, 1993, the nationals of the Member States automatically became citizens of the European Union,¹³ thereby acquiring an array of unprecedented rights and duties.¹⁴ Although the nature and scope of citizenship has been evolving throughout history, traditional notions of citizenship usually imply a common identity. Hence, the newly-created European citizenship suggests the possibility of a European, or supranational, identity. Yet, despite the creation of Euro-symbols and European citizenship, a sense of a common European identity is conspicuously absent among nationals of the Member States. Indeed, most European citizens identify and define themselves almost exclusively in terms of their own nationality.¹⁵ Although such creations as the European flag and anthem suggest unity, they are little more than symbols that lie in the periphery of everyday experience.¹⁶ Furthermore, the benefits of European citizenship are inherently intangible and, for many, virtually meaningless. Outside of these limited efforts, there has so far been very little basis for unity and a shared sense of identity.¹⁷

However, this trend will likely change as eleven Member States are poised to shed their national currencies in favor of the euro. As one commentator noted, "Replacement of national currency and coins by the euro will represent a far more meaningful symbol of Union integration than the current European passport or Union flag will ever be."¹⁸ As this comment suggests, the psychological effects of losing one of the

13. See Maastricht Treaty, *supra* note 3, at Art. B.

14. As specified by Article 8 of the Maastricht Treaty, Union citizenship confers the following rights: To move and reside freely within the territory of the Member States (8a); to vote and stand as a candidate in municipal elections and elections to the European Parliament in the Member State in which he [or she] resides, under the same conditions as nationals of that State (8b); to be protected in certain non-Member States by the diplomatic or consular missions of any Member State under the same conditions as nationals of that State (8c); to petition the European Parliament and apply to the Parliamentary Ombudsman (8d). See Maastricht Treaty, *supra* note 3, at 259.

15. See Barbara George ET AL., *The Dilemma of the European Union: Balancing the Power of the Supranational EU Entity Against the Sovereignty of its Independent Member Nations*, 9 *Pace Int'l L. Rev.* 111, 124 (1997).

16. *Id.*

17. As one author noted, "[The lack of a European identity] results from the fact that there have been no crucial European defining moments which would serve to engage ordinary people; no wars or charismatic heroes to inspire the kind of supranational patriotism or loyalty that can bind diverse peoples together." *Id.* But see Vaclav Havel, Speech made to the European Parliament on March 8, 1994 <<http://www.eurplace.org/diba/citta/havel.html>> (asserting that the European Union is "...based on a large set of values, with roots in antiquity and in Christianity which over 2,000 years evolved into what we recognize today as the foundations of modern democracy, the rule of law and civil society.").

18. Roger J. Goebel, *European Economic and Monetary Union: Will the EMU Ever Fly?*, 4 *COLUM. J. EUR. L.* 249, 254 (1998).

most potent symbols of one's national identity will be profound. Indeed, "Money goes to the heart of people's lives. It is their retirement, their security, their children's education, their hopes and fears."¹⁹ Thus, the psychological implications of the euro will be inescapable as most individuals will have no choice but to confront the reality of a single currency on a daily basis. As the Economic and Social Committee²⁰ explained:

The man in the street identifies his national currency with his country, even if he does not realize the term "currency" covers a number of concepts: "cash"; "means of payment and trade" and "currency reserves". The public does however realize, at least intuitively, that the right to issue currency is one of the attributes of an independent state, particularly since the very name of a state's currency is generally closely linked to the history of the state. Assenting to the introduction of the single currency is therefore regarded as assenting to a partial loss of identity and a surrender of sovereignty, which is offset by the fact that such a step constitutes a significant and conscious contribution towards the building of Europe.²¹

Although these observations are politically biased, they nonetheless highlight the anticipated psychological effects of a single currency. The introduction of the euro—the ultimate Euro-symbol—likely will initiate the most effective "consciousness-raising" campaign of the European integration process. As Wim Duisenberg, the President of the ECB, declared at the start of stage three, "A currency is part of the identity of a people. It reflects what they have in common, now and in the future. May the euro become a unifying symbol for the people of Europe."²² These words underscore the euro's potential for fostering a supranational identity and a sense of belonging to Europe.

The importance of fostering a European identity cannot be overstated. Indeed, the lack of European unity and identity may be one of the greatest obstacles to sustainable integration.²³ As Vaclav Havel

19. Barry James, *Media Blitz to Woo a Skeptical Public*, INT'L HERALD TRIB. (May 5, 1998) <<http://www.iht.com/IHT/BJ/98/bj050298c.html>>.

20. The Economic and Social Committee is composed of members of the business community and labor organizations, as well as consumer representatives. The Economic and Social Committee submits opinions to the Commission with regard to proposed legislation and must be consulted before decisions are made on a number of issues.

21. Opinion of the Economic and Social Committee on the Green Paper on the Practical Arrangement for the Introduction of the Single Currency, CES 1174/95 (Oct. 26, 1995) <<http://europa.eu.int/euro/html/page...?dossier=52&lang=5&page=25&nav=5>> [hereinafter Opinion of the Economic and Social Committee].

22. Jeffrey Ulbrich, *Hello, Euro: Will One Currency Lead to a More Unified Europe?*, ABC NEWS.COM. (Jan. 1, 1999) <http://more.abcnews.go.com/sections/business/DailyNews/euro990101_europe.html>.

23. See George, *supra* note 15, at 124.

acknowledged:

[T]he most important task facing the European Union today is coming up with a new and genuinely clear reflection on what might be called European identity. . . . Simply reading the Maastricht Treaty, despite its historical importance, will hardly win enthusiastic supporters for the European Union. Nor will it win patriots, people who will genuinely experience this complex organism as their native land or their home, or as one aspect of their home. If this great administrative work, which obviously should simplify life for all Europeans, is to hold together and stand various tests of time, then it must be visibly bonded by more than a set of rules and regulations[.]²⁴

In light of this observation, the euro is integral to the viability of the integration process since the euro should serve as a highly visible monument and reminder of European integration. A brief discussion of the origins of European integration will further shed light on the historical and political significance of the euro.

II. ORIGINS OF EUROPEAN INTEGRATION AND EMU

In the aftermath of World War II, Europe was utterly devastated. Economies and infrastructures had to be rebuilt for the second time in less than thirty years. The emotional and psychological wounds of World War I had been reopened and were in need of healing. The lessons of (hyper)nationalism and rivalry were painfully clear. Against this backdrop, European nations began the task of reconstructing a new Europe, both literally and figuratively.

During the 1950s, three Communities, the European Coal and Steel Community (ECSC),²⁵ the European Atomic Energy Community (Euratom)²⁶ and the European Economic Community (EEC),²⁷ were established. By joining the Communities, the Member States surrendered certain aspects of their sovereignty to a higher, supranational authority. Of the three Communities, the EEC has been the most influential and far-reaching by far.²⁸ Although the EEC Treaty did not

24. Havel, *supra* note 17.

25. The ECSC, the first step toward European integration, was the brainchild of Robert Schuman, the French Foreign Minister, who, in 1950, proposed the pooling of the European coal and steel industries under a common authority. It should be noted that these industries had traditionally been the basis for each country's military arsenal. Subsequent to Schuman's proposal, the treaty establishing the ECSC was signed by Belgium, France, Italy, Luxembourg, the Netherlands and West Germany (the "Six") on April 18, 1951, and entered into force in 1952. See George, *supra* note 15 at 128-29.

26. Euratom was created alongside the EEC on March 25, 1957, in order to pool atomic energy resources of the six countries that belonged to the ECSC. The treaty establishing the European Atomic Energy Community entered into force in 1958.

27. See *supra* note 2.

28. Although the EEC Treaty primarily called for the elimination of all trade barriers between

explicitly mention the creation of a common currency, the Treaty initiated a process of economic integration which would eventually culminate in full EMU and the introduction of a single currency. As one commentator noted: "[I]f one wishes to go all the way in abolishing customs duties and quotas, i.e., in the commercial aspects of economic cooperation, one's actions cannot be limited to customs duties and quotas."²⁹ Indeed, the EEC Treaty started the process toward not only economic integration, but political integration as well. As Walter Hallstein, the first President of the Commission, stressed, "[W]e are not integrating economies, we are integrating politics."³⁰

Until the breakdown of the Bretton Woods system of fixed exchange rates,³¹ the EEC had not yet attained much importance. During the economic volatility of the late 1960s and early 1970s, however, the EEC assumed an important role in stabilizing the economies of Member States.³² In 1970, the Werner Report³³ reaffirmed the goal of attaining full EMU. The Report, which outlined a three-stage plan for attaining EMU, was generally endorsed by the Member States. The economic pressures caused by the energy crisis of the mid-1970s, however, prevented meaningful cooperation and thereby postponed the goal of EMU.³⁴

The success of the Economic and Monetary System (EMS)³⁵ and the internal market program during the 1980s renewed interest in attaining EMU. In June 1988, the European Council, under the leadership of Chancellor Kohl of Germany and President Mitterand of France, "con-

Member States, Article 3 of the treaty outlined other significant Community activities ranging from agricultural policy to the removal of all obstacles to the free movement of goods, services, persons and capital between Member States. See EEC Treaty *supra* note 1, at Art. 3.

29. Jean Deniau, *The Objectives and Constitutional Structure of the European Economic Community*, in LEGAL PROBLEMS OF THE EEC AND THE EUROPEAN FREE TRADE ASSOCIATION 1, 4-5 (1961).

30. DEREK URWIN, *THE COMMUNITY OF EUROPE: A HISTORY OF EUROPEAN INTEGRATION SINCE 1945*, at 76 (2d ed. 1995).

31. For a detailed discussion of the Bretton Woods system of fixed exchange rates, see JOSEPH GOLD, *LEGAL AND INSTITUTIONAL ASPECTS OF THE INTERNATIONAL MONETARY FUND: SELECTED ESSAYS VOL. II* 74-136 (1984).

32. Pursuant to Article 105 of the EEC Treaty, the EEC took initial steps to coordinate economic and monetary policy in order to stabilize the economies of Member States. See Goebel, *supra* note 18, at 256.

33. The Werner Report, named after the Prime Minister of Luxembourg, who chaired a committee of experts studying economic and monetary coordination, was presented to the Council of Ministers in October 1970. See *id.* at 257.

34. *Id.* at 257-258.

35. The EMS came into force in March 1979 pursuant to the European Council Meeting at Bremen in July 1978. The EMS was created in order to achieve monetary stability and to provide a framework for better cooperation and coordination in the sphere of economic policy. For a detailed discussion of the EMS, see Goebel, *supra* note 18, at 258.

firmed the objective of progressive realization of economic and monetary union."³⁶ Together they created a special committee to study and propose measures for attaining this objective. The special committee, headed by Commission President Jacques Delors, was comprised of bank specialists and central bank governors of the Member States. It produced the 1989 Delors Report, which proposed a three stage process for attaining EMU. In December 1989, the European Council approved the central themes of the Delors Report and, after intense debate, voted³⁷ to call an intergovernmental conference for the purpose establishing an EMU.³⁸ The Rome Intergovernmental Conference began on December 15, 1990 and, after a year, produced the text of the Treaty on European Union, which incorporated the Delors Report's three stages for creating EMU.

Ratification of the Maastricht Treaty did not come easily as several Member States vehemently opposed the ramifications of full EMU. However, certain key compromises, such as granting the United Kingdom and Denmark the right to opt out of the third stage of EMU, were reached, and the Maastricht Treaty was ratified.

Although the Maastricht Treaty addresses a number of areas, ranging from Common Foreign and Security Policy to Coordination in Justice and Home Affairs, the EMU provisions are at the heart of the Treaty. Indeed, Article B of the Maastricht Treaty emphasizes that EMU and the creation of a single currency are among the principle objectives of the European Union.³⁹ Furthermore, the provisions on EMU, by virtue of being enshrined in the TEU, gain treaty, or quasi-constitutional, force and therefore may be enforced and reviewed by the Court of Justice.⁴⁰

The first stage toward attaining full EMU began on July 1, 1990 (before the conception of the Maastricht Treaty) and contained three components: (1) free movement of capital, a necessary precondition to EMU;⁴¹ (2) adherence of all Member States to the EMS⁴² and the Exchange Rate Mechanism; and (3) a heightened level of monetary

36. *Id.* at 264 (quoting Bull. EC 6-1988, at 165).

37. The European Council voted 11 to 1, over the opposition of the United Kingdom, to call the intergovernmental conference. See Goebel, *supra* note 18, at 265.

38. See *id.*

39. See *id.* at 271.

40. The European Court of Justice sits in Luxembourg and is the final arbiter of questions pertaining to the various treaties among Member States of the EU. The European Court of Justice hears cases dealing with rights and obligations arising from such treaties that are brought before it by Member States, institutions of the EU, as well as private entities and citizens.

41. A 1988 Directive (88/361) mandated the removal of all government restrictions on the free movement of capital no later than July 1, 1990. See Goebel, *supra* note 18, at 270.

42. See *supra* note 35.

coordination among Member State governments and their central banks.⁴³ The second stage, which began on January 1, 1994 and ended on December 31, 1998, had two key features: the establishment of the European Monetary Institute (EMI),⁴⁴ and the obligation of Member States to meet the so-called convergence criteria⁴⁵ for participation in the third stage of EMU. On May 2-3, 1998, pursuant to the Commission's proposals, the Council approved eleven Member States⁴⁶ that had met the convergence criteria for participation in stage three.⁴⁷ It should be noted that, in order to reduce inflation and government spending, the Member States underwent significant and generally unpopular economic hardship and sacrifice, which required a great deal of fiscal discipline and political resolve.

The third and final stage of the EMU process began on January 1, 1999. The third stage has three main components: 1) the establishment

43. See Goebel, *supra* note 18, at 273.

44. The EMI is a body formed for the purpose of a) coordinating policies and actions among central banks, b) monitoring the EMS and c) preparing the way for the introduction of the single currency.

45. Member State participation in stage three of the EMU process is contingent on meeting the convergence criteria set forth by the Maastricht Treaty. The criteria was designed to ensure economic conditions favorable for a strong and stable European currency. The convergence criteria are: 1) Inflation rates, observed over a period of one year, must not be more than 1.5% above the average of the three best performing Member States; 2) Long-term interest rates observed over a period of one year must not be above 2% of the average of the three best Member States in terms of price stability; 3) Member States' budget deficits (including central, regional and local government) should not exceed 3% of the Gross Domestic Product (GDP), unless they are temporary or exceptional; 4) Public debt ratio of Member States should not exceed 60% of GDP; 5) Member State currencies must have respected the normal fluctuation margins provided by the Exchange Rate Mechanism of the EMS without severe tensions or unilateral devaluations for at least the last two years; and 6) Central banks of member states must be granted full independence. See *Euro Page: Moving Toward the Euro*: (visited April 20, 1999) <<http://freusers.digibel.be/~gedesmet/euro/euroverg.htm>>. For a more detailed discussion of the convergence criteria, see Goebel, *supra* note 18, at 303.

46. The eleven Member States that were approved for participation in stage three are: Austria, Belgium, Finland, France, Germany, Ireland, Italy, Luxembourg, the Netherlands, Portugal and Spain. Sweden and Greece, though unable to meet the convergence criteria as of the May 1998 Council Meeting, will have the opportunity to enter the third stage of the EMU process once they meet the criteria. At that time, the United Kingdom and Denmark opted out of participating in stage three (pursuant to the Maastricht Treaty).

47. In March 1998, the Commission applauded the Member States' efforts to meet the convergence criteria:

The average rate of inflation in the Community has fallen substantially and is now under the 2% mark in nearly all Member States. The average general government deficit in the Community fell from 6.1% of GDP in 1993 to 2.4% in 1997, allowing structural reduction in the government debt ratio. These achievements have enabled long-term interest rates to fall sharply, thereby benefiting investment and growth, and have strengthened exchange-rate stability within the EMS.

Commission Report on Progress Towards Convergence and Recommendation With a View to the Transition to the Third Stage of Economic and Monetary Union (Mar. 25, 1999) <http://europa.eu.int/comm/off/rep/conver/intro_en.htm> [hereinafter Commission Report on Progress].

of the ECB and the European System of Central Banks (ESCB),⁴⁸ for the purpose of exercising the primary monetary powers of the EMU; 2) the creation of a binding system for regulating the monetary policies of the Member States in the EMU; and 3) the creation of a single currency to replace national currencies as the sole legal tender for the Member States in the EMU.⁴⁹ A more thorough discussion of the effects of stage three reveals the scope of the changes brought about by attaining full EMU.

III. LEGAL AND PRACTICAL EFFECTS OF STAGE THREE

Although stage three is already underway, it will not culminate until actual euro notes and coins are introduced on January 1, 2002, and will not be fully implemented until the euro completely replaces national currencies as the sole legal tender on July 1, 2002. Nonetheless, the commencement of stage three already has resulted in profound legal and practical changes.

The interim leading up to July 1, 2002, is meant to serve as a transitional period, designed to ensure a smooth changeover from national currencies to the euro. On January 1, 1999, the national currencies of the eleven participating Member States ceased to be independent as the conversion rate of each currency to the euro was irrevocably fixed pursuant to Article 109 L of the Maastricht Treaty. Though national currencies will remain in circulation and legal tender during the transitional period, they will merely be subdivisions of the euro. As the 1995 Green Paper of the European Commission noted, the euro "becomes a currency in its own right, for which the national currencies are perfect substitutes, i.e., different denominations of the single currency."⁵⁰

Also on January 1, 1999, the euro became the unit of account of the ESCB. As a result, the euro will be used for all budgetary and accounting purposes of the participating Member States, as well as for all interstate monetary transactions.⁵¹ Additionally, the ESCB, under the guidance of the ECB, began to define and implement a single monetary policy for the eleven participating Member States so as to "maintain price stability."⁵²

It is important to note that pursuant to Article 107 of the Maastricht

48. The ESCB is composed of the ECB and the central banks of the participating Member States.

49. See Goebel, *supra* note 18, at 274.

50. Green Paper of the European Commission on the Practical Arrangements for the Introduction of the Single Currency, COM (95) 333 final at 18, *quoted in id.* at 314.

51. See Goebel, *supra* note 18, at 314.

52. Maastricht Treaty, *supra* note 3, at Art. 105 (declaring that the primary objective of the ESCB shall be to maintain price stability).

Treaty, the ESCB will have total independence in its decision-making.⁵³ This Article represents a crucial policy decision because most central banks were not independent of their respective governments at the time the Maastricht Treaty was ratified. It is not surprising, therefore, that some Member States were reluctant to grant the ESCB total independence. However, based on the success of the German and Dutch central banks, both of which enjoyed independence from their governments, the Member States agreed to grant full independence to the ESCB.⁵⁴ Thus, the ESCB is authorized to formulate a single monetary policy, no matter how unpopular, without regard to political pressure from the participating Member States. This important feature of stage three of the EMU process illustrates the extent to which participating Member States have surrendered their sovereignty in order to reap the anticipated benefits of EMU.

The euro became a reality in a number of other contexts. For example, the start of stage three has transformed the debt and equities markets of Europe. By January 4, 1999, all of the stock exchanges within the euro-zone were prepared to quote, trade, and process securities in the single currency.⁵⁵ Even the stock exchanges of Stockholm and London, among the countries not participating in stage three, have provided the option of quoting certain securities in euros.⁵⁶ In response, many stocks and bonds have been redenominated in euros.

On a different note, financial institutions are required to operate in euros for their dealings with central banks, as well as on an inter-bank level.⁵⁷ Furthermore, businesses and commercial enterprises throughout Europe are encouraged to use the euro for their internal accounting and external transactions. For example, the ESCB has developed a system⁵⁸

53. Article 107 states:

When exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and the Statute of the ESCB, neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and the governments of Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their task.

Id. at Art. 107.

54. See Goebel, *supra* note 18, at 278.

55. See INFEURO, no. 11, page 8 (visited Sept. 17, 1999) <<http://europa.eu.int/euro/html/rubrique-default5.html?rubrique=101&lang=5>>.

56. See *id.*

57. See Goebel, *supra* note 18, at 314.

58. See *Target: Making Payments in Euros Easy*. INFEURO, no. 1, 8 (visited Sept. 17, 1999) <<http://europa.eu.int/euro/html/rubrique-default5.html?rubrique=101&lang=5>> (discussing TARGET, Trans-European Automated Real-time Gross Settlement Express Transfer, the EU-wide system for euro payments).

whereby both internal and cross-border payments made by crediting an account can be made either in euro or national currency units. In accordance with the principal of "no prohibition, no compulsion" use of the euro in this regard will be encouraged. Although businesses and other enterprises will not be required to do so, a wide range of businesses, particularly large multinationals, already have taken steps to incorporate the euro into their institutional framework. These steps include accounting on a dual euro and national currency basis, floating debt in euros, and invoicing and accepting payment in euros.⁵⁹ In addition, many businesses have adopted voluntary rules of conduct for incorporating the euro during the transitional period.⁶⁰

It is important to note that the advent of stage three poses potential problems for the continuity of contracts and other legal instruments. As a result, the Council has adopted certain measures "to reinforce legal certainty and clarity."⁶¹ In particular, the Council adopted Regulation 1103/97, also known as the "continuity of contracts" regulation. One of the key aims of Council Regulation 1103/97 is to provide assurance that contracts will remain unaffected by the introduction of the euro.⁶² This aim is provided for in Article 3 of the Regulation:

The introduction of the euro shall not have the effect of altering any term of a legal instrument or of discharging or excusing performance under any legal instrument, nor give a party the right unilaterally to alter or terminate such instrument. This provision is subject to anything which the parties may have agreed.⁶³

One commentator noted that this Regulation, which is binding on all EU Member States, "is meant to bar completely any claim for rescission, cancellation or non-performance under national law based on statutory or case rules on frustration, impossibility, material alteration of terms, inequity, and so forth."⁶⁴ Regulation 1103/97 also expresses the hope that third country jurisdictions will respect the principles of continuity set forth. In accordance with this goal, the New York Legislature enacted a statute⁶⁵ which provides for the continuity of contracts denom-

59. See Goebel, *supra* note 18, at 314.

60. On June 30, 1998 representatives from the business sector and consumer groups, under the auspices of the Commission, signed an agreement which established voluntary rules of conduct for the years 1999 to 2001. For a discussion of these rules, see *Consolidating Confidence*, INFEURO, no. 10, 6 (visited Sept. 17, 1999) <<http://europa.eu.int/euro/html/rubrique-default5.html?rubrique=101&lang=5>>.

61. Goebel, *supra* note 18, at 317 (discussing Council Regulation 1103/97).

62. See Goebel, *supra* note 18, at 317.

63. *Id.*

64. *Id.*

65. See N.Y. SESSION LAW § 5049A (McKinney 1997), amending N.Y. GEN. OBLIG. L §5-1601.

inated in national currency units. Other U.S. jurisdictions are also in the process of adopting similar legislation.⁶⁶

Although the commencement of stage three has profoundly affected the governmental sector, as well as business and finance,⁶⁷ its impact on the general population has been limited. Nonetheless, certain legal and practical consequences of stage three will have a direct practical impact on the lives of ordinary citizens of participating Member States. For example, citizens of Member States within the euro-zone will be able to use the euro in all scriptural transactions, such as writing checks, using credit and debit cards and even paying taxes.⁶⁸ Consequently, money transfers may be denominated in euro units. Furthermore, cash cards and electronic billfolds, which are widely used throughout Europe,⁶⁹ should be able to work anywhere in the euro-zone once they are denominated in euros.⁷⁰ Although it is difficult to gauge the percentage of the population that will use the euro in these scriptural and electronic transactions, numerous other avenues will be opened for ordinary citizens to become familiarized with the single currency during the transitional period. For example, retailers and merchants are now pricing their goods on a dual euro and national currency basis in order to familiarize consumers with the value of the euro. In addition, most commercial banks are servicing their clients' deposit and loan accounts on a dual currency basis.

Despite these opportunities to become acquainted with the euro, the introduction of actual euro notes and coins will have the greatest psychological impact on ordinary citizens, particularly when their national currencies cease to be legal tender as of July 1, 2002. In order to cushion the anticipated psychological impact of full EMU, the institutions of the European Union are implementing various information strategies to prepare the general public for the historic changeover.

66. See Goebel, *supra* note 18, at 317.

67. In order to carry out the preparations necessary for the changeover, the EU, national governments and the private sector have spent and will continue to spend millions of euros (as of September 14, 1999, 1 euro is equivalent to US\$1.079). However, this one-time cost is expected to be small in comparison to the long-term benefits of full EMU. For example, full EMU is expected to greatly reduce foreign exchange costs and risk, as well as various other transaction costs. In addition, the changeover is expected to create new financial opportunities and markets and simplify trade, investing and accounting. See *id.* at 253.

68. Barry James, *Adoption of Single Currency Marks Triumph of Political Will*, INT'L HERALD TRIB. (May 2, 1998) <<http://www.iht.com/IHT/BJ/98/bj050298>>.

69. Today there are over 100 million cash cards and electronic billfolds in circulation in Europe. However, these instruments, which are distinct from ATM cards, have so far been valid only in the country of issue. See *id.*

70. See *id.*

IV. INFORMATION STRATEGIES

The European Union has placed a high priority on providing its citizens with information geared towards raising awareness and fostering acceptance of the euro. The lessons of previous currency changeovers within certain Member States have emphasized the importance and need for an effective information campaign. For example, the introduction of the French "Pinay franc" did not come into general use due to a poorly devised information campaign.⁷¹ In recognition of such lessons, the Commission regards the information campaign as "vital for the success" of EMU.⁷²

The Commission's Green Paper of May 31, 1995 outlined the practical arrangements for the single currency. The Paper identified two broad objectives of the information campaign: 1) to stimulate and encourage the preparations necessary in all sectors of the economy; and 2) to win the public's support for the single currency.⁷³ Recently, the Commission refined the second objective to mean "preparing all citizens to understand, accept and use the euro."⁷⁴

However, to be successful, the information campaign must be multi-dimensional. As the Commission recognized:

The introduction of the euro cannot be merely equated with the introduction of a set of technical rules. To an extent which varies according to the Member States or the individual, *the currency is a vehicle for values and ideals*: preparation of the business community and the general public for its introduction must deal with more than just the practical arrangements.⁷⁵

Indeed, the introduction of the euro represents far more than a practical and logistical challenge. Therefore, aside from preparing Europeans for the practical implications of the euro, the information campaign must equally address the political and psychological aspects of the changeover. The Economic and Social Committee similarly noted the importance of the psychological factors surrounding the changeover: "[I]t is necessary to highlight the close relationship of the public with its currency and to understand the consequences of this, in order to ensure that the change-over to a single currency takes place as smoothly as possible."⁷⁶ These observations illustrate how the organs of the EU are

71. See Opinion of the Economic and Social Committee, *supra* note 21, at page 27.

72. Commission Communication on the Information Strategy for the Euro, COM (1998) 39 (Euro Paper no. 16) <<http://europa.eu.int/euro/html/page...tml?dossier=115&lang=5&page=2&nav=5>> [hereinafter Information Strategy].

73. *Id.* at 5.

74. *Id.*

75. *Id.* (emphasis added).

76. Opinion of the Economic and Social Committee, *supra* note 21, at 29.

keenly aware of the psychological hurdles that must be overcome during the transitional period. Furthermore, the Commission's view that "the currency is a vehicle for values and ideals" demonstrates an awareness of the euro's potential to serve as a vehicle for promoting certain values and ideals.⁷⁷

Much of the responsibility for coordinating and implementing the information campaign belongs to the Member States. The Commission emphasized that, in accordance with the principle of subsidiarity,⁷⁸ "Member States [must] play a pivotal role in the communication strategy directed towards their citizens and businesses."⁷⁹ This strategy is based on the understanding that Member States are best-equipped to foster awareness and support for the euro within their respective territories. The Commission explained:

To be credible and effective, communication actions must be shaped by the culture, language and concerns of the citizen. Information will best be provided from sources that are close to the citizen and regarded as both authoritative and reliable. This means focusing the communications responsibility firmly on the Member States who must not only create information tools and products, but also encourage regional and local authorities, publicly owned utilities and networks of civil organisations . . . to act as vehicles and channels for information on the euro.⁸⁰

Accordingly, the participating Member States will provide information uniquely tailored to meet the distinct needs of their citizens. Supplementing these efforts, EU institutions, such as the Commission and the Parliament, will continue to provide guidance and financial support to the Member States.

In order to reach the broadest possible audience, information about the euro will be disseminated in a variety of forms and through multiple channels of communication during the transitional period. For example, the Economic and Social Committee stressed the need to "harness all information conduits," including "public administrative bodies and private bodies such as associations, trade unions, distributive networks and vocational organizations."⁸¹ Aside from these conduits, newspapers, radio, television, and the Internet will be utilized. In addition, information about the euro will have to be tailored for particular social groups

77. Information Strategy, *supra* note 72, at 5.

78. In short, the principle of subsidiarity mandates that the EU (and its institutions) should not be given competencies, or powers, that can be better or more efficiently exercised by Member States.

79. See Information Strategy *supra* note 72, at 21.

80. *Id.* at 2.

81. Opinion of the Economic and Social Committee *supra* note 21, at 29.

and their assumed level of knowledge.⁸² This strategy, which requires an accurate assessment of the needs of the various social groups,⁸³ should help minimize feelings of marginalization with respect to the changeover within a particular society.

It is important to note that children and young adults⁸⁴ are a crucial target of the information campaign. Consequently, the EU has implemented a long-term, European-wide program for educating schoolchildren about the euro. The expert group on "Euro-Education" reported to the Commission:

[W]e are for the first time facing the need to teach Europe in each and every school in the European Union. This is a wonderful opportunity to implant the idea of European citizenship by placing the euro in historical perspective, by bring out the symbolic nature of the euro as a symbol of peace and economic prosperity, and by giving the euro a civic dimension. There is no bypassing the education system as a channel for information on the euro, given the complex practical repercussions of the introduction of a single currency in everyday life. There are various other advantages too, making this one of the most fruitful ways of presenting information to the people of Europe. The target public, i.e. young people of school age, is a population which is very receptive, and which can perform a messenger function in conveying the message to the home environment, among family and friends. It is the active population of tomorrow's Europe.⁸⁵

These observations show how the euro will be used as a vehicle for educating Europeans about not only the changeover, but about the meaning of Europe and European citizenship. The report also emphasizes that young people are generally very receptive to new ideas and likely to

82. *See id.*

83. The Commission has identified several social groups that are in need of specialized information. These groups include the poor and illiterate, the elderly and handicapped, and women. Concerning women, the Commission noted:

Women are particularly affected in two respects. Like all working people, they will have to cope with the effects of the introduction of the Euro in their working and daily lives. But unlike the majority of their male colleagues and friends, they will also have to get used to the new currency in their day-to-day role as "family managers." Surveys have shown that women have great misgivings about the currency changeover than men do. They are undoubtedly more conscious of the practical aspects of transition.

European Commission, *The Euro and Women*, §1 (October 29, 1998) <<http://europa.eu.int/euro/html/page-dossier5.html?dossier=177lang=5&page=1&nav=5>> (visited July 9, 1999) [hereinafter *The Euro and Women*].

84. In 1995, there were approximately 73 million European citizens, or roughly twenty percent of the population, between the ages of five and twenty years of age. Report of the Working Group on "Euro-Education," Euro Paper no. 19, 7 (January 29, 1998) <<http://europa.eu.int/euro/html/rubrique0default5.html?lang=5&rubrique=180>> [hereinafter *Euro Paper no. 19*].

85. *Id.* at 3.

spread information they receive to family and friends. Echoing this observation about the role of young people, the Economic and Social Committee concluded that "... children have a natural ability to learn, and they will be the best 'ambassadors' for the single currency."⁸⁶ Indeed, it is likely that these young "ambassadors" will most thoroughly internalize the values and ideals underpinning a single currency.

Finally, the information campaign has been designed around three key dates: 1) May 2-3, 1998, when the Council approved eleven Member States for participation in stage three of the EMU process; 2) January 1, 1999, when stage three began; and January 1, 2002, when actual euro notes and coins will be introduced throughout the euro-zone.⁸⁷ The Commission noted that the information campaign would greatly intensify after January 1, 1999:

The transitional period from 1999 to 2001 should be used to shift the information effort to a higher gear at a time when the public and everyone involved in economic activity, in particular businesses, will be showing a great deal of interest in the euro, and will be highly receptive as a result of the institutional environment. A second wave of major coverage should be planned for 2001, just before euro notes and coins are actually introduced and national currencies withdrawn.⁸⁸

In light of this strategy, which carries a large price-tag,⁸⁹ it is likely that the public's awareness of the nature and implications of the euro changeover will continue to grow during the transitional period.⁹⁰ It is now necessary to analyze the rhetoric and symbolism that has been employed throughout the course of the information campaign. This analysis reveals the values, ideals and objectives embedded in the EU's information and consciousness-raising strategies, and illustrates the potential social and psychological implications of the euro.

V. RHETORIC AND SYMBOLISM

At times, politicians have stressed the need for a single currency in

86. Opinion of the Economic and Social Committee, *supra* note 21, at 29.

87. See Information Strategy *supra* note 72, at 17.

88. *Id.*

89. In a February 1998 communication to the Council and to the Parliament, the Commission expressed the desire to set aside 100 million euros for the information campaign between 1999 and 2001. For a more detailed discussion of the EU's budget with respect to the information campaign, see *Partners: Parliament, the Commission and the Member States Together Explain the Euro to Europe's Citizens*, INFEURO, no. 9, 7 (1998) <<http://europa.eu.int/euro/html/rubrique-default5.html?rubrique=101&lang=5>>.

90. Judging from the results of a Eurobarometer poll, awareness about the euro has been steadily increasing. Between 1997 and 1998, the percentage of Europeans who considered themselves well informed about the euro increased from 36 to 45 percent. See *id.*

apocalyptic terms. Before the single currency became an inevitability, former German Chancellor, Helmut Kohl, once warned that "the creation of a common currency in Europe was a matter of war or peace, an incontrovertible step in the Continent's unification process that meant vast dangers if it failed."⁹¹ Mr. Kohl seemed to suggest that the implications of a single currency, such as economic cooperation and the possibility of a European identity, would mitigate some of the factors responsible for World Wars I and II.

Since the signing of the Maastricht Treaty, however, such extreme rhetoric has generally been replaced by attempts to place the euro in its proper historical perspective. Although the anticipated economic benefits of EMU are commonly emphasized, the euro is often portrayed as a step toward deeper integration and the realization of a European identity. As Jacques Santer, the President of the Commission, noted:

[T]he euro is a powerful factor in forging a European identity. Countries which share a common currency are countries ready to unite their destinies as part of an integrated community. The euro will bring citizens closer together and will provide a physical manifestation of the growing *rapprochement* between European citizens which has been taking place for the past forty years or more.⁹²

This type of rhetoric, which is becoming more common among EU officials and national leaders, lies close to the heart of the information campaign.

The Commission's report recommending the Member States deemed to have qualified for stage three further demonstrates the rhetoric that forms a large part of the information campaign: "By creating the single currency, Europe will be offering its citizens, its children and its partners in the wider world a more concrete symbol of the common destiny it has freely chosen: that of building a community based on peace and prosperity."⁹³ This rhetoric plainly illustrates the supranational overtones that characterize the information campaign. For example, references to "Europe" and "its citizens" have replaced references to "Member States" and their nationals, thereby reinforcing the existence of an overarching political order and civil society. Furthermore, the reference to a "common destiny" implies shared values and ideals, such as peace, economic prosperity and democracy for a unified Europe. Such shared values and ideals potentially serve as the basis for a common European identity despite differences in culture and ethnicity among

91. John Vinocur, *Election Lesson: Germany Without Pain*, INT'L HERALD TRIB. (Sept. 25, 1998) <<http://www.iht.com/IHT/JV/98/bj092598.html>>.

92. Jacques Santer, *The Euro, Instrumental in Forging a European Identity*, INFUERO, no. 8, 8 (May 1998) <<http://europa.eu.int/euro/html/rubrique-default5.html?rubrique=101&lang=5>>.

93. Commission Report on Progress, *supra* note 47.

Europeans. This analysis suggests that the information campaign is not only promoting awareness and acceptance of the euro, but also fostering a supranational identity.

The Commission's report also advanced the economic rationale for a single currency. It portrayed the euro as a guarantor of economic prosperity and stability:

The introduction of the euro confirms the advent of a genuine culture of stability in Europe that is essential to the establishment of a stable, sound and efficiently managed economic framework. It is also a response to globalisation and current developments in the world economy. While the euro will not, on its own, enable the scourge of unemployment to be swept away, without the euro the priority assigned to jobs would be deprived of a key instrument.⁹⁴ Economic and monetary union will revitalise the European economy and the single market, foster investment, boost business competitiveness, benefit the consumers and savers, and make life easier for citizens where both work and travel are concerned.⁹⁵

As this excerpt illustrates, even the economic rationale for the euro contains supranational overtones that serve to reinforce a common identity. For instance, the Commission expects *all* of Europe and its citizens to reap the anticipated economic benefits of a single currency. Furthermore, EMU is portrayed as a collective response on behalf of the Member States to *common* economic concerns such as inflation, rampant unemployment, and a rapidly changing world economy.

The euro also is expected to improve *Europe's* status in the global economy:

In adopting the euro, the peoples of Europe have decided to occupy a place on the international scene that is commensurate with their history and their economic and commercial strength. In so doing, they are demonstrating their unity to the rest of the world and are asserting their presence in the monetary sphere.⁹⁶

These assertions presuppose the existence of unity, as well as of a common history and future among European citizens. Furthermore, the quote reveals another avenue for fostering a common identity. More precisely, the euro is portrayed as vital for Europe's ability to compete with common external rivals, such as the United States and Japan.

On a different note, the symbolism inherent in the nature and design of euro notes and coins promotes its own set of values and ideals. The name of the single currency, in itself, deserves some attention.

94. EMU and the single currency are often regarded as necessary preconditions for an economic climate conducive to creating jobs.

95. Commission Report on Progress, *supra* note 47.

96. *Id.*

Originally, "ECU" (European Currency Unit) was the proposed name of the single currency. Pursuant to various recommendations, "euro" replaced "ECU" since the original name was considered to be a "generic term."⁹⁷ This new name, connoting the currency of Europe, plainly serves as a powerful supranational symbol.⁹⁸

During the next three years, Member States within the euro-zone will produce some 12 billion euro notes and 76 billion euro coins, totaling approximately 70 billion euros.⁹⁹ Much thought was given to the design of these new notes and coins which will soon be circulating as legal tender from Helsinki to Lisbon. In June 1997, the European Council decided that each euro coin will have a common European face on one side and a national motif of the Member State's own choice on the other. The decision to allow national motifs on the coins represented a compromise between emphasizing Europe and retaining some link with the past.¹⁰⁰ One and two euro coins will depict a Europe without national borders, a symbol which is meant to foreshadow the future of the EU.¹⁰¹ On the other hand, euro notes will depict seven architectural styles that prevailed during different periods of European history. These architectural periods, which were generally shared by the Member States, include Classical, Romanesque, Gothic, Renaissance, Rococo, the age of iron and glass, and the 20th century. Designs of windows and gateways, which are meant to symbolize the spirit of openness and cooperation in the EU, will be featured on the face of the new notes, whereas bridges, which are meant to symbolize communication, will be featured on the reverse.¹⁰²

The ECB's recent decision to rule out the possibility of national symbols appearing on euro notes illustrates the politics of euro-symbolism. Although national symbols may appear on coins, the ECB's surprise decision overrode the wishes of certain Member States to retain a space for these symbols on euro notes. The ECB's ruling sparked protest in the United Kingdom because the Queen's head may no longer

97. See Council Regulation on the Introduction of the Euro, 9255/97 (July 1, 1997).

98. It is interesting to note that the symbol for the euro (in the sense that the dollar sign, \$, is the symbol of the U.S. dollar) is a Greek epsilon, harking back to the origins of European civilization, crossed by two parallel lines, representing stability. Epsilon, the Greek letter "E" is also the first letter of Europe. See *Coins, Notes and Sign* (visited Sept. 17, 1999) <<http://europa.eu.int/euro/html/rubrique-default5.html?lang=5&rubrique=100>>.

99. The coins will be minted in the following denominations: 2 and 1 euros, then 50, 20, 10, 5, 2, and 1 euro cents. The notes will be printed in the following denominations: 500, 200, 100, 50, 20, 10, and 5 euros. See *id.*

100. Although national motifs are allowed to appear on euro coins, they will not be allowed to appear on euro notes. See *id.*

101. See *id.*

102. Barry James, *A Few Weighty Facts About the New Currency*, INT'L HERALD TRIB. (May 2, 1998) <<http://www.iht.com/IHT/BJ/98/bj050298b.html>>.

appear on euro notes in the event that country adopts the euro. British Opposition leader, William Hague, swiftly complained, calling the decision a warning signal. Hague's rhetoric shows the power and political importance of national symbols: "[The Queen's head on the euro note is. . .] a symbol of our ability to run our own affairs in this country, it's a symbol of our ability to set our own taxes, to set our own interest rates, to govern our own country."¹⁰³ Such comments illustrate the perceived threat that the euro poses to both national identity and national sovereignty. In an attempt to justify the ECB's decision, one EU official argued, "The decision by the European Central Bank is a trade-off between the symbolism of national features on the notes and the convenience for the public of having uniform banknotes which are readily recognised without confusion anywhere in Europe."¹⁰⁴ This justification, perhaps strategically, portrayed the decision as a "trade-off" between national symbolism and convenience, rather than national and supranational symbolism.

Others have criticized the absence of national symbols on euro notes from a different standpoint. The Associazione Torino Finanza argued that the euro notes are too cold and anonymous and, therefore, will be unable to inspire and capture the imagination of European citizens. Indeed the architectural designs on the notes do not even represent actual structures.¹⁰⁵ In order to truly foster a European identity, the Associazione suggested that there should be a return to real monuments and people, thereby enabling citizens to openly discover the history and culture of the different nations within the EU.¹⁰⁶ The Associazione recommended several structures and people that could be emblematic of Europe, namely the Eiffel Tower, the Coliseum, the Alhambra and the Brandenburg Gate or the faces of Leonardo da Vinci, Goethe, Vasco de Gama, or Vincent Van Gogh.¹⁰⁷ Although a decision to include national symbols on the notes could invite national or cultural chauvinism, the Associazione stressed that countries have demonstrated a capacity for appreciating a varied and integrated European heritage, citing a bill presented to the Italian Parliament which requested that July 14 (Bastille

103. Greg Wood, *Special Report: Off With the Queen's Head*, Bbc News (Sept. 22, 1998) <http://news.bbc.co.uk/hi/english/sp...e_currency/newsid_177000/177749.stm>.

104. *Id.*

105. See Jean-Michel Servet et al., *Summary of Experts' Reports Compiled for the Euro Working Group/European Commission - DG XXIV on Psycho-sociological Aspects of the Changeover to the Euro*, §4.2 (1999) <<http://europa.eu.int/euro/html/page-dossier5.html?dossier=254&lang=5&page=1&nave=5>> [hereinafter Report on Psycho-sociological Aspects of the Changeover].

106. *See id.*

107. *See id.*

Day) be declared the day of United Europe.¹⁰⁸ In light of such criticism, it seems that the inclusion of certain national symbols would foster, rather than jeopardize, a European identity and consciousness.

It is now necessary to examine existing attitudes and opinions among citizens of the European Union to reveal the current mindset towards the euro, and illustrate the impact that the impending change-over has already had on European citizens.

VI. ATTITUDES AND OPINIONS

According to a recent cross-Europe poll, fifty-three percent of Europeans are in favor of the euro.¹⁰⁹ However, such views tend to vary between social groups. Men generally seem to be more in favor of the euro than women. The results of a Eurobarometer poll show that approximately forty-six percent of European women supported the single currency (compared to fifty-seven percent of men), while forty percent were against it (compared to thirty-three percent of men) and fourteen percent did not know (compared to ten percent of men).¹¹⁰ Furthermore, most young people seem to be in favor of the euro. The results of another recent poll show that young people rank the euro second (behind new opportunities for traveling and working abroad) in terms of what they think the EU has contributed to their lives.¹¹¹ Attitudes and opinions regarding the single currency, however, tend to vary widely from country to country and even between different regions of the same country.

It seems that most Germans will deeply regret the loss of their powerful deutschmark. Due to memories of wild inflation during the inter-war period, Germans are particularly preoccupied with the maintenance of a strong, stable currency.¹¹² Many observers have noted the powerful psychological significance of the mark, one of the only national rallying points in post-war Germany.¹¹³ Despite this attachment to the mark, Germans have opted in favor of the euro. One German official noted, "It seems that Germans now identify with the idea of a unified Europe just as strongly as they used to identify with a strong mark."¹¹⁴ Indeed, some argue that during the post-war period, Germany has based its very

108. *See id.*

109. *See id.* at §3.1.

110. *See* The Euro and Women, *supra* note 83, at 5.

111. *See* Euro Paper no. 19, *supra* note 84, at 7.

112. *See* James, *supra* note 21.

113. *See* Doris E. Grimm, *Comment: Some Psychological Aspects of EMU*, 4 COLUM. J. EUR. L. 487-88 (1998).

114. *Id.* at 489.

identity on the idea of European integration.¹¹⁵ On a related note, some German leaders have manifested a strong interest in permanently putting the fear of nationalism to rest. This partly explains Germany's instrumental role in advancing the EMU process, however, for many Germans support the euro for economic reasons. More precisely, the German public is highly aware of the interdependence of European economies.¹¹⁶ Accordingly, Germans view EMU as a means to ensure that Germany has a strong, stable currency in the years to come. This notion is confirmed by the results of recent local elections, where politicians who ran on euro-skeptical platforms failed miserably.¹¹⁷ It is interesting to note that former East Germans have their own reasons for supporting the euro. Specifically, East Germans sense that a more integrated Europe will mean less power and influence for their western counterparts.¹¹⁸

French attitudes toward the single currency are somewhat different. According to a recent French opinion poll, approximately fifty-seven percent support the euro.¹¹⁹ Like the Germans, the French have traditionally been preoccupied with the maintenance of a stable currency. As one commentator noted:

The French, for example, have a long tradition of sometimes being very psychologically "fixed" on even extreme degrees of "monetary stability." Their long-standing, almost metaphysical, love affair with gold as the ultimate coinage of hard currency is well documented. Barry Eichengreen and others have argued that the excessive insistence of the French on "monetary stability" in the 1920s was one of the deeper causes of the worldwide depression starting in 1929. Psychologically, the French always wanted the franc to be a strong franc, for the franc to be one of the hardest currencies in the world. This is precisely why they found exchange rate depreciations, particularly against the deutschmark, so humiliating.¹²⁰

These observations suggest that France's participation in stage three is an extension of its traditional psychological preoccupation with monetary stability. By adopting the euro, France will likely acquire one of the "hardest currencies in the world."¹²¹ However, France also will lose certain key sovereign functions, for it will no longer have the power to govern its monetary policy. Nonetheless, the French are generally in

115. See Barry James, *Euro Skepticism Aside, Germans Stake Identity on European Integration*, INT'L HERALD TRIB. (Dec. 9, 1997) <<http://www.iht.com/IHT/BJ/97/bj120997a.html>>.

116. See Grimm, *supra* note 113, at 489.

117. See *id.*

118. See *id.* at 490.

119. James, *supra* note 19.

120. Grimm, *supra* note 113, at 488.

121. *Id.*

favor of the euro as many perceive a strong euro as the equivalent of a strong franc.¹²² This notion suggests that the French have, to some extent, internalized or "nationalized" the euro and, perhaps, some of the values and ideals that the single currency represents.

Italy and Spain share much in common with France regarding currency depreciation. The economies of all three countries, but particularly those of Italy and Spain, have suffered greatly as a result of exchange rate fluctuations. Furthermore, Italy and Spain made significant economic sacrifices¹²³ in order to meet the convergence criteria for stage three of EMU. One observer explained the psychological reasons for making these sacrifices:

The people of Italy and Spain always saw in exchange rate depreciation the principal constraint which blocked them from achieving the kind of living standard they saw their northern European neighbors enjoying. Therefore, getting rid of exchange rate depreciation is now perceived by large parts of the southern European public as a kind of liberation, a kind of long-deserved chance to finally move on to a better and safer neighborhood.¹²⁴

Considering these observations, it is not surprising that close to 80 percent of all Italians approve of the euro.¹²⁵ Like the French, the Italians and the Spanish seem comfortable surrendering their sovereignty, as well as a potent symbol of their national identity, in exchange for monetary stability and a strong, stable currency.

The United Kingdom, on the other hand, has opted out of stage three in favor of maintaining control over its monetary policy. Unlike France, Italy, and Spain, the United Kingdom has enjoyed the benefits of a stronger currency that has been relatively protected from drastic exchange rate fluctuations. Accordingly, the United Kingdom has had relatively fewer economic incentives to adopt the euro. As a result, the British are, for the most part, intensely skeptical about adopting the single currency. The extent and nature of British opposition to the euro was illustrated by demonstrators at the March 1998 meeting of European finance ministers and central bank leaders held in York, England. The EU officials "were met with jeers and boos," not to mention eggs that were being hurled by demonstrators.¹²⁶ As Gordon Brown, the British chancellor of the Exchequer, walked by protesters, they hissed "trai-

122. *See id.*

123. For a more detailed discussion of the sacrifices, see Part II of this study.

124. Grimm, *supra* note 113, at 487-88.

125. *See* Report on Psycho-sociological Aspects of the Changeover, *supra* note 105, at §3.1.

126. Barry James, *EU is Set to Clear 11 to Start the Euro*, INT'L HERALD TRIB. (Mar. 24, 1998) <<http://www.iht.com/IHT/BJ/98/bj032498.html>>.

tor.”¹²⁷ Furthermore, as Theo Waigel, the German finance minister, passed, protesters chanted, “Eins, zwei, drei, vier, we don’t want your euro here.”¹²⁸ This protest suggests that some British citizens view EMU as a “foreign” ploy aimed at eroding national sovereignty.¹²⁹ It seems, therefore, that many British citizens reject the notion that the strength of their economy and national currency rests on the viability of the European economy as a whole.

VII. MITIGATING FACTORS

There are several factors that may serve to mitigate the social and psychological impact of the euro. Significantly, the prospect of a “democratic deficit” with regard to EMU may greatly limit the euro’s potential for fostering a supranational identity among citizens of the EU.¹³⁰ Complaints of a democratic deficit have emanated from those, predominantly in the media and the academy, who believe that the decision to enter full EMU was made without the assent or involvement of the general public. These complaints are supported by the fact that Parliament, the body which is most accountable to the people, has played a fairly negligible role in the creation of EMU and the transition to stage three.¹³¹ The independence and limited accountability of the ECB and the ESCB further supports the argument of a democratic deficit with regard to the monetary union. On this basis, EMU and the euro are critized as being the brainchild of a small number of politicians and officials who have acted pursuant to their own vision of Europe, rather than the will of the general public. If these criticisms accurately reflect the views of the common citizen, it is unlikely that the nationals of the Member States participating in stage three will fully embrace the rhetoric and symbolism surrounding the euro. Hence, the purported democratic deficit could greatly limit the psychological effect of the euro as some citizens may reject the values and ideals embedded in the concept of a single European currency.

Despite the efforts of the information campaign, many citizens may

127. *Id.*

128. *Id.*

129. The comments of one British protester, a former World War II veteran, supports this notion. In his view, the EMU process, which he perceives as a German-led conspiracy, is the equivalent of “giving away the country.” He added, “Hitler must be laughing in his grave.” These comments are partly based on the fact that Germany has earnestly led the way during the integration process which has culminated in EMU and the single currency. *Id.*

130. This discussion does not seek to evaluate the arguments underpinning the purported democratic deficit. Rather, it intends to explain the possible implications of such a deficit. For a detailed discussion of the issues surrounding the democratic deficit, see Goebel, *supra* note 18, at 292.

131. *See id.*

still be unable or ill-prepared to comprehend, let alone internalize, the implications of the single currency when considering how quickly EMU has been implemented. Indeed, the EMU process, which will soon be fully implemented, began less than a decade ago. Yet, even assuming many citizens will not fully internalize the implications of the single currency in light of the rate at which the euro has been introduced, it is likely that future generations will more thoroughly internalize these implications.

Additionally, the prospects of a "two-tier" or "two-speed" Europe also would limit the euro's potential for fostering a supranational identity. Because four Member States either have not qualified for or have opted-out of stage three, some commentators fear that this two-tier regime will persist. Consequently, millions of citizens of the EU may not directly experience the full reality of the single currency.¹³² Thus, the meaning and symbolism of the euro could be undermined for all. Fortunately, the non-participating Member States are ultimately expected to join stage three.¹³³

The growth of non-cash users may also mitigate the potential psychological effect of the euro. Due to the proliferation and growing acceptance of credit, debit, and stored-value cards, the role of cash is dwindling in the lives of ordinary citizens.¹³⁴ As a result, the psychological effect of the presence of actual euro notes and coins, as well as the absence of national currencies, may be reduced. Yet, notwithstanding the widespread use of credit, debit, and stored-value cards, the common citizen will doubtless be forced to resort to cash in certain instances. Furthermore, although millions of cash cards and electronic billfolds are already in existence, they generally have been valid only in the country of issue thus far.¹³⁵ As one observer noted, "Once countries are sharing a single currency, these cards should be able to work anywhere."¹³⁶ Therefore, even assuming that cash cards will substantially replace the use of cash, the changeover to the single currency will nonetheless be felt as citizens are enabled to use such cards anywhere in the euro-zone.

Of the factors that may serve to limit the psychological impact of the euro, the potential failure of EMU and the single currency in economic terms is perhaps the most significant. Although EMU has been widely forecasted to be an economic success for the participating Mem-

132. This is not to mention the adverse political and economic consequences that would likely result from a two-tier Europe. See, e.g., *id.* at 275, 320.

133. See *id.* at 275.

134. See James, *supra* note 68.

135. Cash cards and electronic billfolds should not be confused with ATM cards, which generally have been valid across borders.

136. See James, *supra* note 68.

ber States, some commentators are skeptical of the euro's economic benefits. In light of myriad uncertainties, including the prospect of a looming global recession, only time will gauge the economic success of the single currency. However, it is clear that public acceptance of the single currency, and perhaps the European integration process as a whole, hinges on the economic success of the euro.¹³⁷ Likewise, this success is crucial to the euro's potential for reshaping national identity and fostering a European identity.

CONCLUSION

In light of the foregoing analysis, it is clear that the changes initiated by the commencement of stage three will transcend the realm of economic and monetary policy. Indeed, the single currency could serve as a powerful catalyst for deeper European integration. This is not all, however, for the euro also has the unique potential to fundamentally transform the way the citizens of the EU view themselves and each other. Due to the unprecedented nature of the euro changeover, the type of transformation is unknown and difficult to measure. Yet one thing is certain: the future of Europe rests on the outcome. As Jacques Reuff stated as early as 1950, "L'Europe se fera par la monnaie ou ne se fera"—either it will happen that Europe will construct itself through its currency, or it just wont happen."¹³⁸

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137. See Goebel, *supra* note 18, at 250.

138. Otmar Issing, *A German Perspective on Monetary Union*, in *A SINGLE EUROPEAN CURRENCY?* 7, 8 (Jeffrey Gedmin ed., 1997).

139. The author would like to thank Elizabeth Iglesias, Bernard Oxman, and Robert Zimmerman for their insight in the preparation of this Comment.